

8-17-2015

Is college worth it?

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Recommended Citation

Hemesath M. 2015 Aug 17. Is college worth it? [blog]. Quad 136. [Accessed 2017 June 13]. <http://blogs.csbsju.edu/mhemesath/2015/08/17/is-college-worth-it/>.

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Quad 136

Is College Worth It?

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Is College Worth It?

It seems to be the hottest question among education journalists in the last couple years.

Forbes: [Is College Still Worth It?](#)

The Economist: [Is college worth it?](#)

Huffington Post: [Is College Worth It Anymore?](#)

New York Post: [Is College Worth It?](#)

U.S. News and World Report: [Is a College Degree Still Worth It?](#)

Time: [Is College Worth It?](#)



And this month, *Minnesota Monthly* joins the conversation with: [Is College Worth It?](#)

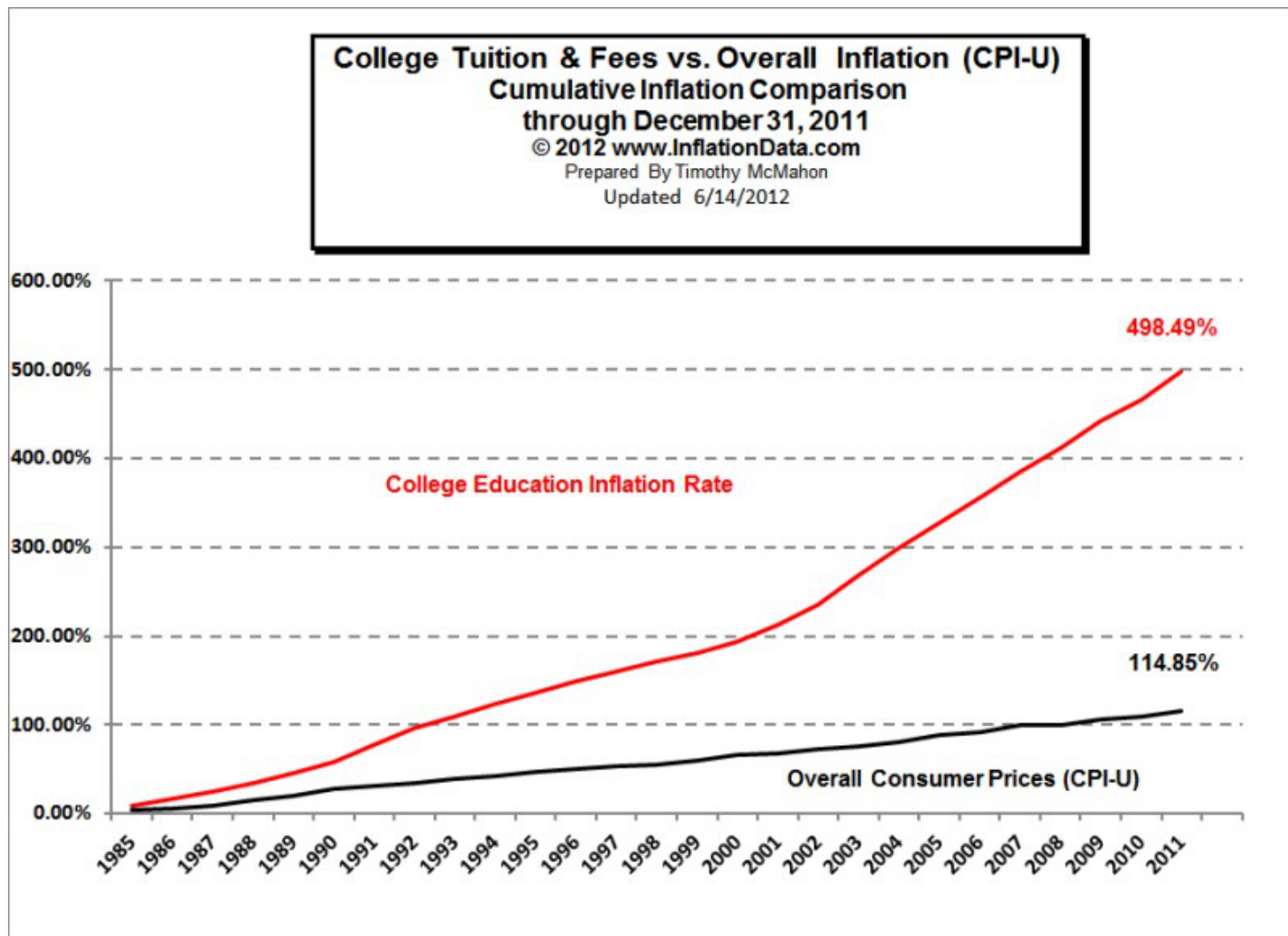
To be brief and to the point: Yes. Next question?

I was recently chided for being too flippant with this response, which is fair. You can't be very subtle in [Twitter's 140 characters](#). But, in my more frustrated moments, the shallowness, and harmfulness, of the question does not deserve much more of a response.

College is obviously an important question for most young people and their families. It is arguably the first major decision in a young person's life and can have an impact for the rest of their lives. But the analysis provided in the articles above is frankly not very helpful.

When considering an investment like a college education, students and parents obviously need to consider both costs and benefits. The recent articles have tended to focus on the cost side, which is not surprising, given the significant growth in the real cost (inflation adjusted) of tuition over the past three to four decades. The articles also have stressed the growth in student loan debt. Both of these are valid concerns—to a point.

TUITION. There is no question about how much college tuition has increased in the past few decades. As the *Minnesota Monthly* article notes, for the 2015-16 academic year, “in-state tuition is more than double that for the 2002-03 school year, and five times what it cost a decade prior. Since 1985, college tuition nationally has risen more than 500 percent, outpacing even skyrocketing health-care costs.” The graph below shows a comparison to the Consumer Price Index (CPI).



There are good explanations for the rate of increase in college tuition, including the economics of “producing” higher education and decreased state funding at public institutions. (Those topics have been discussed previously in [this blog](#). I would also note that these understandably scary numbers do not consider financial aid for students. Colleges work hard to ensure that students and their families can afford the education we provide. Among the Minnesota private colleges, [financial aid](#) has managed to keep the average tuition paid by students basically flat in the past five years, even as sticker prices have risen.

But even with aid, the real cost of college tuition is certainly much higher for millennials than it was for baby boomers. That point is indisputable.

STUDENT DEBT. This is another topic that draws the attention of education writers. The *Minnesota Monthly* article leads with this concern: “With Minnesota student debt ranking 5th in the nation, graduates worry that the benefit of their degrees may come with too steep a price.”

The average debt for the two-thirds of students who graduate with debt is approaching \$30,000. This amount is equivalent to a moderate car loan and most graduates are able to [handle their student loans](#) without too much stress. Furthermore, in comparing the changing debt burden over time, a recent [Brookings Institute analysis](#) concluded “the monthly payment burden faced by student loan borrowers has stayed about the same or even lessened over the past two decades.”

But again, there is no question that for some students, education debt is a burden and may affect their immediate post-graduate choices.

BENEFITS. Tuition and debt notwithstanding, the thing that makes the value of a college education so easy to analyze is the economic benefit. The economic benefits of a college degree are widely studied and the results are unambiguous. In the *Minnesota Monthly* article, University of Minnesota President Eric Kaler “cites the \$1-million-plus that the average college graduate stands to earn in a lifetime over someone with only a high-school diploma—the foundation of the education-as-ticket-to-the-middle-class argument.” Kaler’s data likely came from [Georgetown University’s Center on Education and the Workforce](#) which found that “the average college graduate makes \$1m more than the average high school graduate over his or her lifetime.”

What is also interesting to consider is how these benefits are changing over time. A [New York Times](#) article reports,

The pay gap between college graduates and everyone else reached a record high last year, according to the new data, which is based on an analysis of Labor Department statistics by the Economic Policy Institute in Washington. Americans with four-year college degrees made 98 percent more an hour on average in 2013 than people without a degree. That’s up from 89 percent five years earlier, 85 percent a decade earlier and 64 percent in the early 1980s.

The ratio of average hourly pay, compared with pay of people with a high school degree, has risen from 1.4 in 1980 to 1.8 in 2013, and the trend line continues to slope up.

Economic benefits that average \$1m over a lifetime and are growing should make the college decision a pretty easy call for most students.

HARMFUL RHETORIC. Finally, the biggest concern I personally have over the press surrounding this question is how it gets interpreted by different groups. Is it really the case that education journalists sit around the kitchen table and debate whether *their* children should go to college? Do you know of any college graduates who tell their child, “I am not sure college is a good investment for you”? But I can imagine a potential first generation college student having a hard conversation with a parent in which the parent says, “I’ve been reading all these article questioning the value of a college degree. Tuition is high and you will have to borrow to complete your degree. You are smart and hard-working. I think maybe the best option for you is to get a job and work your way up rather than take on the expense and risk of going to college.”

Is this how to build a strong middle class for the future and to address the real concerns we have about income inequality?

Is that how to respond to the hopes and dreams of young people?

If you are only going to read one article on the value of a college education try this one: David Leonhardt, in the Everyday Economics column for the [New York Times](#), asks, “Is College Worth It?” and answers unambiguously, “Clearly, New Data Say.”

By [Michael Hemesath](#) | August 17th, 2015 | Categories: [Economics](#), [Higher Education](#) | [0 Comments](#)

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Michael Hemesath is the 13th president of Saint John's University. A 1981 SJU graduate, Hemesath is the first layperson appointed to a full presidential term at SJU. You can find him on Twitter [at] [PrezHemesath](#).